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Comments on the Phase 1B report from the biomass rep

by Gregg Morris, Director of the Green Power Institute

Due to the fact that unlike other renewables most biomass is not located in resource-rich zones, but rather is naturally dispersed, biomass generators do not generally require the development of major transmission trunk lines in order facilitate their development and interconnection to the grid. Biomass generators do have transmission issues of concern, but they are generally outside of the core concern of RETI, which is devising plans to access concentrated renewable-resource regions in California. With that in mind, the biomass generators are generally satisfied that the phase 1b report more-or-less leaves biomass projects out of the picture in terms of defining CREZs. However, they would like to see more prominent recognition of the role that renewables located outside of the identified CREZs can play in contributing to the California RPS program.

We do have a couple of remarks to offer with respect to this report. In general, it appears from the maps that the majority of the CREZs identified in the phase 1b report lie along or near to existing transmission lines, although the maps do not distinguish between high and medium voltage lines, nor do they provide any information about the availability of capacity on the various existing lines. In any case, we do not see many instances where major new trunk lines are needed to access the CREZs, unless the existing trunk lines shown on the maps are already fully subscribed. More detailed information on the transmission layer in the maps would be helpful.

We join with other renewables reps in emphasizing that the uncertainty analysis that was applied to the economic-ranking process, and the relativistic analytical approach that was used in the environmental-rating process, which explicitly avoids assessing the magnitudes or significance of differences in environmental indicators among CREZs, both lead to the inevitable conclusion that a simplistic ordinal ranking of the CREZs presented in parts of the report are highly misleading. Rather, it is clear that within the level of accuracy that is possible in this kind of study, there is little basis on which to legitimately make fine distinctions among the many identified CREZs. We believe that the information provided in the phase 1b report lays the groundwork that the phase 2 effort will rely on as it begins to identify and design priority trunk-line transmission projects that will facilitate renewable energy development in California. We do not believe that the phase 1b report provides a basis for making the hard choices about transmission-development priorities that is the ultimate objective of RETI.

One particular change that we would like to see in the report involves the presentation of the renewable “net short” in two figures: Figure 5-1, and Figure 5.4. These figures illustrate on an ordinal basis the economic ranking results of the identified CREZs, both

with (5.4) and without (5.1) uncertainty bands. On each chart, the renewable net short is superimposed as a vertical line, which implies to the viewer that only those CREZs to the left of the net-short line are needed in order to meet RPS goals. This is a totally erroneous conclusion, and the "Net Short" line should be removed from the two figures.

In fact, a firmly established principle in utility procurement is that a procurement manager must over-procure new projects in order to ensure that sufficient capacity is ultimately developed, considering the fact that not all projects succeed in being built. When considering the development of CREZs, which ultimately become groupings of generating facilities, it must be noted that the actual built-out size of each CREZ is highly uncertain, and that it is likely that in addition to the risk that some of the CREZs selected for priority development will not be developable, there is a risk that some CREZs that do eventually get built will not provide as much generating capacity as is anticipated in the report. For both reasons, it is clear that in order for the state to meet its RPS policy goals, more CREZs than just those to the left of the "Net-Short" line will have to be deployed.

We do note that on the other side of the equation, the report does identify a number of renewables opportunities that are available to California that are in addition to the opportunities represented by the identified CREZs. In particular, most of the biomass and biogas resources identified in the study would be located outside of the CREZs, as would most renewable DG resources. It is important to continue to fully consider these resources in the overall renewables picture for the state.